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S E C R E T SECTION 01 OF 04 KUWAIT 000481

SIPDIS

STATE FOR EB/ESC/TFS GGLASS AND NROTHSTEIN; S/CT SFOX
STATE FOR IO/PHO APEREZ
NSC FOR GPETERS
TREASURY FOR GEN COUNSEL DAUFHAUSER; OFAC DIRECTOR RNEWCOMB
TREASURY FOR JZARATE; TASK FORCE ON TERRORIST FINANCING
PARIS FOR PETER KUJAWINSKI, UZRA ZEYA

E.O. 12958: DECL: 02/09/2014

TAGS: [PTER](#) [ASEC](#) [EFIN](#) [ETTC](#) [PREL](#) [KU](#)

SUBJECT: (U) KUWAIT COUNTERTERRORISM ACTION GROUP MEETING
HELD

REF: SECSTATE 14279

Classified By: Charge d'Affaires Frank C. Urbancic,
Reasons 1.4 (b) and (e)

1. (SBU) SUMMARY. Embassy convened the first meeting of Kuwait's counterterrorism action group (CTAG) under US leadership; the French, Japanese, British, Russian, Italian, German, Canadian, Swiss and Spanish embassies participated. Only the US and British have specific anti-terrorism programs in Kuwait, although all CTAG nations maintain contact with the Kuwaitis on counterterrorism issues, and many work through the Gulf Cooperation Council (GCC) rather than bilaterally. Several countries have newly established counterterrorism funds from which they may draw. The group sees terrorist financing as the primary problem in Kuwait. Although most countries agree that there is the will within the Government of Kuwait to combat terrorist financing, they also concur that it is a very difficult task for the Kuwaitis. The CTAG made two recommendations: (1) CTAG members should launch a fresh push to encourage Kuwait to ratify all international anti-terrorism conventions; and (2) CTAG should also deal with the GCC as a whole, with CTAG states taking advantage of every opportunity for institutional dialogue to stress that they are united on combating terrorism. END SUMMARY.

2. (U) On February 7, Embassy convened a meeting of Kuwait's counterterrorism action group (CTAG), the first since the United States assumed chairmanship of CTAG; representatives from the French, Japanese, British, Russian, Italian, German, Canadian, Swiss and Spanish embassies were in attendance. The Charge being out of town with OIG inspectors, Acting DCM/Pol Chief chaired the meeting. He began by outlining the US counterterrorism program in Kuwait, suggesting that each representative do the same for his/her country.

(U) Individual Country Strategies

3. (SBU) United States. A/DCM said that the US's main counterterrorism focus in Kuwait is combatting terrorist financing, noting that the Office of Foreign Assets Control's director had recently made two visits to Kuwait. The US had found the Government of Kuwait (GOK) to be fully cooperative in meeting their responsibilities on asset freezes. The US was also engaging representatives of Islamic charities in Kuwait. With regard to training initiatives, a team from the US Department of Justice would be conducting a seminar for prosecutors on the tracking and prosecution of money laundering and terrorist finance cases. A/DCM outlined two other US programs unrelated to anti-terrorist financing. The first focuses on strengthening Kuwait's control of its border with Iraq, which has become more vulnerable with the increased cross-border flow of goods associated with Operation Iraqi Freedom and the rebuilding of Iraq. Second, the US provided an airport security course for 24 Kuwaiti officials in FY2004, and hopes to offer training in VIP protection and defense against chemical and biological weapons in FY2005.

4. (C) France. The French Ambassador said that France has no specific technical assistance or training program for Kuwait, although it does exchange information. The Ambassador commented that the French have noted a lack of initiative among the Kuwaiti services.

5. (SBU) Japan. The Japanese Ambassador remarked that like the French, Japan has no targeted counterterrorism program for Kuwait. Rather, Japan is trying to focus its resources on southeast Asian countries, where it has held numerous training seminars.

6. (SBU) United Kingdom. The British DCM commented that the CTAG meeting was particularly timely: the Foreign Office created a new fund in 2003 for combatting terrorism and each British mission has been tasked with determining what their colleagues were doing on counterterrorism. He said that at

present, the British were focusing on two areas: terrorist financing, and other operational programs (like ordnance disposal and handling hostage and hijacking situations). With regard to terrorist financing, the British Embassy had two specific programs in mind for Kuwait. First, the UK would assist in drafting legislation to ban terrorist financing (which would complement existing legislation criminalizing money laundering), and second, the UK would work toward strengthening the Central Bank of Kuwait's new Financial Intelligence Unit (FIU).

17. (C) Russia. The Russian DCM said that his government maintained contacts with the Kuwaiti side and invited a Ministry of the Interior delegation to visit Russia, but had received no reply. The Russian delegate also commented that Russia had designated two Kuwaiti charities -- the Social Reform Society (SRS) and Lajnat al-Dawa al-Islamiya (LDI) as terrorist organizations. A/DCM expressed condemnation of the recent terrorist attack in Moscow, on behalf of the group.

18. (SBU) Italy. According to the Italian DCM, Italy also has no specific program in Kuwait, although it is interested in establishing one. He pointed out that the Italian government, as the then-President of the European Union, organized a November 2003 seminar in Brussels that included a session particularly for Gulf Cooperation Council (GCC) countries. However, since the seminar occurred during Ramadan, the Kuwaitis only sent one individual from the Central Bank. He stressed that every high-level Italian visitor reminds the GOK of the importance of combatting terrorism, and noted that the Governor of the Central Bank has expressed an interest in visiting Italy to learn more about anti-money laundering legislation.

19. (SBU) Germany. The German DCM also observed that the CTAG meeting was particularly timely. He said that Germany did not have a counterterrorism program for Kuwait, although like the British, the Germans created a counterterrorism fund last year. He suggested that either Kuwait could be added to Germany's list of targeted countries or, preferably, that CTAG could focus on the Gulf Cooperation Council (GCC) as a whole. For the latter to occur, he noted, the GCC's profile would have to be raised in higher-level CTAG meetings. He said that on a bilateral basis, Germany would be willing to support anti-money laundering programs (since Germany is an active member in the Financial Action Task Force, or FATF) and would also consider monitoring Kuwaiti charitable organizations.

110. (SBU) Canada. Like most of the other representatives, the Canadian political counselor (resident in Abu Dhabi) said that her government has no particular counterterrorism program in Kuwait, although Canada has identified new funding for counterterrorism projects in the region. She then asked for the group's reaction to the creation of an anti-money laundering body for the Middle East and North Africa in Bahrain; none of the other attendees had any information on this development.

111. (SBU) Switzerland. The Swiss Ambassador commented that his government had not been contacted by Kuwait -- or any other government in the region -- for assistance, even though the Swiss government signaled that it would collaborate with GCC governments as needed. Generally speaking, he said that Switzerland focuses its attention on developing countries, especially Latin America and the Caribbean. The Swiss would be prepared, however, to provide similar technical assistance to Kuwait if asked to do so.

112. (SBU) Spain. Spain's ambassador remarked that terrorism is a huge problem for Spain and said that although his country has no program in Kuwait, it currently oversees several counterterrorism programs in Latin America, focusing primarily on judicial reform, legal cooperation, and anti-money laundering.

113. (SBU) To avoid problems of duplication and to facilitate exchanges of information on the outcomes of CTAG countries' counterterrorism efforts in Kuwait, the participants agreed to consult each other informally when pursuing similar counterterrorism activities.

(S) CTAG Views on Problems in Kuwait

114. (S) The bulk of the CTAG's discussion centered on combating terrorist financing. The French ambassador reported that a Kuwaiti ambassador to a southeast Asian country had told him that one of the diplomats serving under him was transferring cash to extremist organizations. (Comment. The country involved was Indonesia, we ascertained off-line. Please protect accordingly. Embassy has passed this information through appropriate channels for separate action. End Comment.) The Kuwaiti ambassador complained to his boss, the Minister of Foreign Affairs, about the

situation. The Spanish ambassador, who had also heard the same story, said that he called on the Kuwaiti Minister of Social Affairs, who responded that there is nothing the GOK can do because under Islam, each person has an obligation to give charitably. What the Minister said the GOK could do is prevent transfers through banks (although in the Minister's view, the reality is that most exchanges go through the hawala system or are made through trusted individuals). The Minister emphasized that the GOK was doing all it could to control money that moves through regular channels, but said that it could not control hawala transfers. According to the Spanish ambassador, the Minister acknowledged that the GOK realized it would never be able to do the job it would like to do in controlling funds.

15. (SBU) The German DCM cautioned that the group should not forget that there is nothing inherently wrong with the hawala system (which he said was invented by Germany and Italy), although there was reason to be careful. He noted that the Saudi Minister of Finance pointed out to the German ambassador there that not everyone can afford to open bank accounts in the Gulf (particularly third country nationals), and many are thus forced to use alternative systems. The British DCM agreed, and added that there is a huge hawala industry in the UK, mostly involving people from the subcontinent. He said that the UK authorities have not devoted many resources to monitoring the hawala system because there is evidence that nearly all large amounts of cash go through regulated banks.

16. (SBU) The Swiss ambassador wondered if CTAG countries should become more aware of other methods of money laundering. As an example, he noted that goods can be exchanged several times, each with a higher stated value as a way of laundering funds. The French ambassador added that since hawala exchanges are cash based, they are very hard to trace. The Swiss ambassador suggested that financial institutions in the region might be interested in creating systems to prevent this sort of activity.

17. (C) The French ambassador raised the issue of Lajnat al-Dawa al-Islamiya (LDI), a Kuwaiti charity that was designated by the US and the UN following a French recommendation (septel). He said a Kuwaiti official had told him the US was asking LDI to resume activity in Afghanistan. A/DCM assured him that the US continued to support LDI's designation; at the same time, the US has made it clear to the Kuwaitis that it has nothing against Islamic charities and encourages those to help the Afghans. The French ambassador also inquired about the receptivity of the Kuwaitis to counterterrorism efforts. Both the US and British representatives commented that the Kuwaitis have been receptive, without showing much initiative. According to A/DCM, there is political will at the top levels of the GOK to fight terrorism because they understand the consequences of not doing so. Absent political will at the top, all efforts would fail, but with the will to combat terrorism, there is hope. Still, he said, it is very difficult for us, let alone the Kuwaitis, to control terrorist financing or other forms of money laundering (specifically referring to drug money).

(U) Coordinating Programs in Kuwait and the Gulf

18. (SBU) The Kuwait CTAG decided upon two recommendations, which we hereby convey on behalf of the group, to the USG as chair of the February 20 meeting in Washington.

-- First, launch a fresh push to encourage ratification of all international anti-terrorism conventions. Germany noted that to be effective, the CTAG states need to be able to say they have ratified all. Under French leadership last year, the CTAG made a joint demarche to the Kuwaitis urging them to ratify the protocols. (Note: Kuwait is a party to nine of the twelve international antiterrorism conventions. End Note.) The Spanish ambassador stressed that it would be good for the group to keep pressure on the Kuwaitis, so that the GOK understands that CTAG countries are concerned about anti-terrorism. A/DCM agreed that impressing upon host governments that CTAG states are united and see counterterrorism as a priority is in itself a powerful message.

-- Second, deal with the GCC states as a group and ensure that CTAG states take advantage of every opportunity for institutional dialogue to stress their unity on combating terrorism. The German DCM noted that using a two-tiered, complementary approach on counterterrorism -- at the bilateral level and at the CTAG-GCC level -- would allow CTAG countries that do not have allocations specifically for bilateral counterterrorism programs to contribute to broader initiatives. The Spanish ambassador concurred, and suggested that GCC countries might be able to take positions more easily under a GCC rubric than individually. The French

ambassador said that anti-terrorist cooperation should be raised at the EU-GCC Dialogue in Dublin this March. Since the Kuwaitis currently hold the presidency of the GCC, the Italian representative pointed out, the timing could be very good. A/DCM noted that GCC heavyweight Saudi Arabia has taken a much stronger stand against terrorism since the May attack in Riyadh.

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